1968

1968

DOME MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1968

Including Copies of the Reports of

SIGMA MINES (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)

and

CAMPBELL RED LAKE MINES LIMITED

FOR THE SAME PERIOD

DIAMOND

1909 1969

JUBILEE

DOME DIAMOND JUBILEE

1909 — 1969

To mark our Golden Anniversary the 1958 Annual Report included a short history and summary of accomplishments at Dome. This story was well received by shareholders and others and all copies of the Report have now been issued. It was considered appropriate at this time to update the story and incorporate it in this Diamond Jubilee Report for 1968.

The early history of the Porcupine gold area, like that of all great camps, is partly shrouded in mystery yet unlike many it has documented evidence to support its exciting story. The "camp" is generally considered to have had its birth sixty years ago. May 1909 marks the entry of the first well-organized expedition into the region which brought the first important discoveries and resulted in the opening of Porcupine's riches. However, the area had been visited by surveyors, geologists and prospectors prior to 1909. As far back as 1896 surveyors accompanied by geologists of the Ontario and Dominion governments had been active and in 1899 the Niven base line was run through the area forming the south boundary of Tisdale and Whitney townships.

In April 1909 John S. Wilson of Massey, Ontario, headed a party which included Harry Preston, Cliff and Frank Campbell and George Burns into the region. They were grubstaked by W. S. Edwards and T. N. Jamieson of Chicago. The Wilson party left The Temiskaming and Northern Ontario Railway at mileage 222 taking supplies by dogteam to the shore of Frederick House Lake and from that point embarked by canoe for Porcupine Lake after the "break up" reaching their objective on May 23rd, 1909. A camp was set up on the south shore of Porcupine Lake from which base prospecting and mapping were carried out in Whitney Township. The party gradually worked west and south of Porcupine Lake into Tisdale Township and at a point approximately two miles from the Lake they rolled back the moss from an outcrop of quartz and discovered gold. In the words of one of the party, "The gold appeared in blobs like candle drippings and sponge-like masses, some of them as large as a cup, lying under the moss in a dome-shaped outcrop of quartz." In July 1909 four claims were staked which later became "Dome Mines."

As a result of this find and others in the immediate vicinity, interest in the area soared resulting in the development of the greatest gold-producing camp in the Western Hemisphere. In 1909, the world was still on the gold standard; balances in international payments were ultimately settled in gold — a metal that the Egyptians had mined 5,000 years ago and which had maintained its place as a store of value throughout recorded history because of its qualities as the most enduring of metals.

On March 23rd, 1910, by Letters Patent, The Dome Mines Company Limited was incorporated. Messrs. W. S. Edwards, J. S. Wilson and T. N. Jamieson became Directors together with Messrs. A. T. Struthers and Alexander Fasken. Mr. Edwards was elected President of the new Company. Mr. Fasken was Secretary and continued in that capacity until his death in 1944.

Production at Dome commenced in 1910. In that year 247 tons of high-grade ore yielded 214 ounces of gold and 19 ounces of silver. Mill construction began early in 1911 and the buildings were practically completed when they were destroyed by the Porcupine fire on July 11th, 1911. A second mill incorporating forty stamps with a rated capacity of 400 tons per day was officially opened on March 30th, 1912. It operated continuously until November, 1917 when it was closed down due to the shortage of labour caused by the First World War. At this time underground operations were limited to development work. The mill resumed operations on May 8th, 1919 and operated continuously until the evening of October 28th, 1929 when it was completely destroyed by fire. The erection of the third and present mill was started early in 1930. It was completed and crushing commenced on October 28th, 1930 exactly one year from the date of the fire.

Shares of Dome Mines are traded on the Toronto, Canadian and New York Stock Exchanges and the Paris Bourse. The Company paid its first dividend on October 20th, 1915 and quarterly thereafter until July 20th, 1919 when further dividends were discontinued due to reduced operations during the First World War. The Company resumed paying dividends on January 20th, 1920 and has made a quarterly distribution since that time. The total dividends paid to December 31st, 1968 amount to $96,345,898.

The total tonnage milled to December 31st, 1968 has amounted to 30,607,914 tons from which 9,001,077 ounces of gold and 1,588,628 ounces of silver have been recovered with a total value in Canadian funds of $284,828,470. On June 3rd, 1968 at an appropriate ceremony, Gold Bar No. 10,000 was poured at the property.

In addition to the ore produced, 3,689,324 tons of waste have been broken, most of which has been used to backfill old workings. To further stabilize underground openings 2,028,200 tons of sand and 3,077,400 tons of hydraulic fill have been placed. The mine is opened to a depth of 5,263 feet from surface with 37 levels from which 133 miles of lateral development work and 604 miles of diamond drill holes have been completed.

Wages and salaries paid have totalled $115,500,000; supplies and services purchased have totalled $73,000,000 and many Canadian communities from coast to coast have benefited from these purchases. Taxes paid to the Federal, Provincial and Municipal authorities amount to $23,400,000.

Since the Emergency Gold Mining Assistance Act became effective in 1948 Dome has received $14,191,992 in gross benefits under the Act. Taxes on this cost aid amounted to $2,924,694 or a net assistance of $11,267,298. During the same period cumulative wage increases over 1947 have totalled $24,976,969.

The total investment in the property and plant at December 31st, 1968 amounts to $13,223,700. This means a capital investment of $14,000 to create employment for each Dome employee.

Throughout its sixty years Dome has been active in searching for new mines and has spent hundreds of thousands of dollars on outside exploration. Two outstanding examples of its success are Sigma Mines (Quebec) Limited and Campbell Red Lake Mines Limited, in both of which Dome is the majority shareholder. In recent years, participation with others in exploration syndicates has been successful and resulted in interests in Mattagami Lake Mines Ltd. and Canada Tungsten Mining Corporation Ltd. Further diversification into the oil, gas and base metal industries has been obtained through the growth of our equity position in Dome Petroleum Limited and Cities Service Company.

The property consists of a total of 3,149 acres located in Tisdale, Whitney and Shaw townships. The plant is located two miles from the town of South Porcupine where most employees reside. The Company owns and rents at modest rates to employees 122 residences located at Dome and Dome Extension.

Dome has 950 employees on the payroll, many of whom have long service with the Company. In this respect 34% have over ten years' and 18% have over twenty years' continuous employment. Employees have enjoyed for a number of years many benefits which collectively have been a source of considerable pride to those associated with Dome. Some of these benefits are as follows:

Since 1920 a sick pay plan, non-contributory as far as employees are concerned, has been in operation. An employee receives 50% of his regular hourly rate of pay for sickness or non-occupational accident, for a maximum period of six months. Since inception the plan has cost the Company $916,929 and based upon the experience of 1968 this would mean that more than 17,000 claims have been paid.

In 1925 a Group Life Insurance Policy, non-contributory as far as employees are concerned, was introduced. After three months' service the amount for hourly-rated employees is $1,500; this increases to a maximum of $3,500 after ten years' service. The policy has total disability benefits. A total of 364 families of employees and pensioners have benefited to the extent of $634,905. To date this policy has cost the Company $795,784.

In 1938 a pension plan was started for all employees who desired to participate. Two years' qualifying service is necessary to become eligible. The Company financed the entire cost of all pension credits for prior service amounting to $527,453. Since inception employees' contributions, including interest, have totalled $1,200,189 or 26.6% while the Company has contributed $3,314,910, including interest, or 73.4%. A total of 270 employees have retired on pension since 1938. As at December 31st, 1968 there were 144 living pensioners located in the Porcupine area, many parts of Canada, United States, England, Scotland, Italy, Spain, Poland and Czechoslovakia, all of whom receive a regular monthly pension cheque from Dome.

It is a source of considerable pride to management that most employees who are eligible to join are members of this Plan.

In addition to his regular pension contributions an employee may contribute to a Voluntary Savings Plan which contributions earn attractive compound interest and will supplement his pension upon retirement. Many employees are taking advantage of this plan.

Since Christmas Day 1925 Dome employees have enjoyed Statutory holidays. In mid-1943 permission was requested from the National War Labour Board to institute Vacations with Pay; this was granted on August 31st, 1943 under conditions laid down by that Board. Dome employees immediately became eligible for paid vacations. The Hours of Work and Vacations with Pay Act came into effect in Ontario the following year.

Other employee and community benefits to which the Company contributes substantially include a medical plan, a general hospital, skating arena with artificial ice and coffee shop, outdoor skating rinks, a four-ice curling rink, tennis courts, soccer and football field and softball diamond.

The community of South Porcupine with its homes, schools, churches, stores and recreation centres came into being because of the operation of Dome Mines. The continuous operation of the mine over the years has been responsible for the growth and prosperity of the community.

It seems appropriate that in this Diamond Jubilee Anniversary year of the staking of Dome we pause and pay a well-deserved tribute to all those who have contributed so much to the success of the operation — the prospector, the miner, the millman, the surface worker and staff. The attainments of Dome are due in large measure to the loyalty and skills of these employees.

DOME MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1968

ANNUAL MEETING OF SHAREHOLDERS

will be held

at 10:30 o'clock a.m. (Toronto time)

Monday, April 28, 1969,

Library, Royal York Hotel,

TORONTO, ONTARIO

To Canadian Shareholders:

It is the view of the management of the Company that Canadian shareholders are entitled to a depletion allowance of 15% of the dividend paid on February 15, 1968 and a depletion allowance of 20% of the dividends paid thereafter during the year 1968 pursuant to Section 11 of the Income Tax Act and the Income Tax Regulations.

Dome Mines Limited

(Incorporated under the laws of Canada)

LOCATION OF MINE AND HEAD OFFICE

South Porcupine, Ont.
Canada

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre,
Toronto 1, Ont.

REGISTRARS

Canada Permanent Trust Company
320 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

Crown Trust Company, 302 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005.

AUDITORS

Clarkson, Gordon & Co. — Toronto 1, Ont.

VICE-PRESIDENT AND GENERAL MANAGER

Charles P. Girdwood

GENERAL SUPERINTENDENT — South Porcupine

Arthur D. Robinson

DOME EXPLORATION (CANADA) LIMITED

360 Bay Street, Suite 702, Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre,
Toronto 1, Ont.

DIRECTORS

Clifford W. Michel	New York, N.Y.
F. Warren Pershing	New York, N.Y.
A. Bruce Matthews	Toronto, Ont.
James B. Redpath	Toronto, Ont.
William F. James	Toronto, Ont.
William R. Biggs	New York, N.Y.
Allen T. Lambert	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.
Charles P. Girdwood	South Porcupine, Ont.

OFFICERS

Clifford W. Michel
Chairman of the Board and Treasurer

James B. Redpath
President

Charles P. Girdwood
Vice-President and General Manager

Bryce R. MacKenzie
Secretary

H. H. Butterman
Assistant Secretary

F. M. Fell
Assistant Secretary

J. E. Alexander
Assistant Secretary

H. W. Macdonell
Assistant Treasurer

A. D. Robinson
General Superintendent

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	Parent Company	
	1968	1967
Tonnage Milled	712,900	708,800
Ounces Gold Produced	180,668	179,347
Average Price of Gold per ounce	$37.72	$37.76
Value of Bullion	$ 6,911,444	$ 6,845,725
Operating Costs	$ 7,708,647	$ 7,259,419
Net Income (excluding equity in undistributed earnings of subsidiary companies)	$ 3,203,029	$ 2,791,712
Net Income per share (excluding equity in undistributed earnings of subsidiary companies)	$1.64	$1.43
Net Income (including equity in undistributed earnings of subsidiary companies)	$ 3,891,764	$ 3,201,168
Net Income per share (including equity in undistributed earnings of subsidiary companies)	$2.00	$1.64
Current Assets	$ 8,530,009	$15,620,502
Current Liabilities	$ 1,063,560	$ 1,202,260
Working Capital	$ 7,466,449	$14,418,242
Investments	$23,819,388	$14,296,450
Number of Shareholders — December 31	6,135	6,367
Dividends Declared	$ 1,557,335	$ 1,557,335
Dividends declared per share	$0.80	$0.80
Shares Issued	1,946,668	1,946,668

	Principal Subsidiary Companies	
Sigma Mines (Quebec) Limited (63% owned by Dome)		
Net Income	$ 365,021	$ 378,007
Campbell Red Lake Mines Limited (57% owned by Dome)		
Net Income	$ 3,184,407	$ 2,529,296

REPORT OF THE DIRECTORS

of

Dome Mines Limited

(For the Financial Year Ended December 31, 1968)

Toronto, Ontario,
February 21, 1969.

To the Shareholders of
Dome Mines Limited:

On behalf of your Directors, the Chairman and President are pleased to submit their joint report covering the financial year ended December 31, 1968. This report includes the Balance Sheet and Statements of Income and Earned Surplus which consolidate your Company's interests in its subsidiaries, the principal of which are Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. In order to compare with previous Annual Reports, we include as heretofore, the parent Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds. All these statements are certified by the Auditors of the Company. Our Report also includes the Report of the General Manager and the Report of the President of Dome Exploration (Canada) Limited, our exploration subsidiary.

Consolidated Net Income aggregated $3,891,764 or $2.00 per share as compared with $3,201,168 or $1.64 per share in 1967. From these earnings dividends of 80¢ per share were declared during the year. Although operating costs at all our properties continued their persistent upward trend in this period of rapid cost inflation, we were fortunate in more than offsetting them overall by higher realization on gold sales in the free market from the production of our subsidiary Campbell Red Lake Mines Limited and by substantial increase in other income particularly debenture interest from our affiliate Dome Petroleum Limited, both of which factors will be referred to in subsequent paragraphs.

The working capital position of the Company at $14,750,000 on a consolidated basis is strong though lower than a year ago. In implementing the policy referred to in last year's report of employing excess working capital in the natural resources field where we believe our Management can make a contribution, Dome and subsidiaries invested $15,000,000 in our affiliate Dome Petroleum Limited. The investment took the form of Subordinated Income Debentures bearing interest at 5%, maturing in 1988, convertible during their life into capital stock at $84.746 Canadian per share. Should we elect to convert, our total holdings would increase from the present 595,000 shares to joint holdings of 772,000 shares, or 22% of the total equity capitalization.

Dome Petroleum had a record year in all phases of its activities. It increased its production of oil, natural gas liquids, and oil equivalent of gas to 24,500 net barrels per day, a gain of 15% over 1967. Unaudited financial figures for the year ended December 31, 1968 indicate a 12% increase in gross income to $24,460,000, an 18% increase in cash flow to $14,410,000 ($4.29 per share), and a 20% increase in net income to $10,060,000 ($3 per share). Excluding the holdings of the Convertible Debentures referred to in the paragraph above, the 595,000 shares, which had a cost value on our books of $3,206,000, had a market value of $54,145,000 based on the 1968 closing bid price on the Toronto Stock Exchange.

Panarctic Oils Limited, which was organized in 1967 with an initial capital of $20,000,000 on some 50 million acres in the Arctic Islands, plans to commence drilling operations in March 1969. Our affiliate, Dome Petroleum, is the operator of this exploration project and holds a 4.06% interest in Panarctic as well as a direct interest in 5,784,000 net acres in the Islands. Dome Mines and its subsidiaries have a 1.36% interest in the project and the Canadian Government a 45% interest.

The Annual Reports of our two major subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited are attached to this report. The dividends from Campbell provide the largest source of other income to the parent. Campbell's earnings, with no benefit from Cost Aid, reached a high of $3,184,407, up from the $2,529,296 in 1967. This substantial gain is due to the higher price received for its production sold on the free market, which averaged $43.51 Canadian per ounce during the year. The net income of Sigma amounted

to $365,021, a slight decline from the preceding year. The shares of Campbell which cost us $1,332,000 had a market value of $73,779,000 based on the 1968 closing bid price on the Toronto Stock Exchange. Comparable figures for our holdings in Sigma were a cost of $732,000 and a market value of $3,941,000.

A widespread mineral exploration program was continued throughout the year with the subsidiaries Campbell Red Lake Mines and Sigma Mines participating in the various projects under the agreement which was entered into in 1959. The exploration activities are reviewed on page seventeen.

Originating directly from past exploration programs are our holdings of Mattagami Lake Mines Limited and Canada Tungsten Mining Corporation Limited. Mattagami Lake Mines which holds a 62½% interest in the zinc refinery operated at Valleyfield, Quebec, by Canadian Electrolytic Zinc Limited, paid dividends of $1.50 per share which resulted in revenue to Dome Mines of $549,000.

The rebuilt milling plant of Canada Tungsten in the Northwest Territories, operated steadily throughout the year. Concentrate inventories and working capital positions were built up and also the principal and interest were paid on the 6% Promissory Note, held by Dome Mines.

Present legislation extends the benefits of the Emergency Gold Mining Assistance Act until the end of 1970. Both the Dome mine and the Sigma mine are dependent on this Act for their continued operation. The greater part of the gold mining industry in Canada is in a similar dependent position. Benefits under the Act have not been adjusted to compensate for the increased acceleration of inflation and thus we can expect a continuing decline in Canadian gold production unless there is an eventual increase in E.G.M.A. benefits or a substantial increase in the price of gold.

Currency crises and devaluations, with implied upward changes in the price of gold, have been recurring phenomena of the post-war period. The year 1968 saw another one, which culminated in March, in the inevitable end of the "gold pool", the artificial device whereby the United States and six other countries had attempted for a number of years to prevent the free market price of gold from rising above the official U.S. price of $35 per ounce. As the United States supplied more than half the gold offered by the pool in its stabilization efforts, it became obvious that to continue this policy during a decade when the U.S. was running a Balance of Payments Deficit, would produce a drain on its gold reserves which, if carried on indefinitely, could result in their complete depletion. When it became apparent that such a condition would result in utter chaos to the international monetary system, the "pool" device was abandoned and the gold market in London and elsewhere was set free, with the price to be determined by the forces of supply and demand. This has become known as the "two tier" gold price system, and since March 1968 the free market price has fluctuated in a range of 10% to 20% above the U.S. Treasury price, with it currently at the upper end of the range at $42 per ounce. During this period certain of the Central Banks, notably Germany and Italy, who participated in the gold pool, have added to their gold reserves as occasion and opportunity arose. It would seem to be evident that gold remains a keystone in the arch of any international monetary system, exerting a fiscal discipline when confidence ebbs in the U.S. dollar and other central reserve currencies, that Drawing Rights at the International Monetary Fund and the like cannot accomplish.

Your Directors wish to record their appreciation of the untiring efforts of the management and staff of the parent and subsidiary companies.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

DOME MIN

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and its subsi

BALANCE SHEET

(with comparative fi

ASSETS

	Parent Company		Consolidated	
Current Assets:	**1968**	**1967**	**1968**	**1967**
Cash, including bank term deposits	$ 2,586,500	$ 5,518,037	$ 3,759,589	$ 6,809,912
Bullion on hand and in transit, at net realizable value	435,798	567,074	2,174,531	1,462,668
Short term commercial paper, at cost	1,192,476	4,764,201	3,772,675	9,556,088
Marketable securities (schedule attached) (notes 1 and 2)	3,269,037	3,717,237	6,883,803	7,328,979
Accounts receivable —				
Dividends receivable from subsidiary companies	462,722	462,722		
Other (including accrued interest and estimated amount receivable under the Emergency Gold Mining Assistance Act)	583,476	591,231	1,051,295	1,058,099
	8,530,009	15,620,502	17,641,893	26,215,746
Investments (schedule attached) (notes 1 and 2):				
Subsidiary companies	7,865,050	7,179,315		
Other	15,954,338	7,117,135	18,988,138	7,157,872
	23,819,388	14,296,450	18,988,138	7,157,872
Capital Assets:				
Buildings, machinery and equipment, substantially at cost	6,863,324	6,835,757	17,860,456	17,630,822
Less accumulated depreciation	6,583,816	6,460,153	16,689,078	16,353,731
	279,508	375,604	1,171,378	1,277,091
Mining claims and properties, at cost less amounts written off (note 4)	1	1	732,154	735,406
	279,509	375,605	1,903,532	2,012,497
Other Assets:				
Mining and milling supplies, at cost	987,484	936,086	1,995,060	1,908,782
Deposits and prepaid expenses	52,620	71,001	69,680	116,019
Non-current accounts receivable			214,836	240,954
Special 5% refundable tax	45,600	69,237	132,980	221,905
	1,085,704	1,076,324	2,412,556	2,487,660
	$33,714,610	$31,368,881	$40,946,119	$37,873,775

(See accompanying

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ECEMBER 31, 1968

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LIABILITIES

	Parent Company		Consolidated	
	1968	1967	1968	1967
Current Liabilities:				
Salaries and wages payable	$ 267,151	$ 235,936	$ 492,479	$ 440,671
Accounts payable	158,023	136,139	454,330	408,144
Accrued charges	216,265	186,730	318,888	265,984
Accrued taxes	32,787	254,121	899,639	1,001,219
Dividends payable	389,334	389,334	726,531	726,531
	1,063,560	1,202,260	2,891,867	2,842,549
Deferred Income Taxes	15,000	25,000	103,000	111,000
Minority Interest in Subsidiary Companies			5,315,202	4,778,605
Capital and Surplus:				
Capital —				
Authorized:				
2,000,000 shares of no nominal or par value				
Issued:				
1,946,668 shares	7,000,000	7,000,000	7,000,000	7,000,000
Paid-in surplus (no change during year)	3,606,389	3,606,389	3,606,389	3,606,389
Earned surplus	22,029,661	19,535,232	22,029,661	19,535,232
	32,636,050	30,141,621	32,636,050	30,141,621
	$33,714,610	$31,368,881	$40,946,119	$37,873,775

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

nancial statements)

Dome Mines Limited

and its subsidiary companies

STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for the year 1967)

	Parent Company		Consolidated	
	1968	1967	1968	1967
Revenue:				
Bullion	$6,911,444	$6,845,725	$18,039,349	$16,546,493
Expenditures:				
Development	1,349,041	1,260,419	2,557,868	2,391,202
Mining	4,836,545	4,551,130	8,153,114	7,446,632
Reduction	994,660	948,998	2,314,483	2,165,915
Refining and marketing	57,640	57,005	152,542	149,721
General and administrative	412,993	389,201	1,025,961	947,087
Taxes other than income	57,768	52,666	125,944	117,503
	7,708,647	7,259,419	14,329,912	13,218,060
Less credit under the Emergency Gold Mining Assistance Act	1,605,000	1,405,000	2,469,000	2,092,500
	6,103,647	5,854,419	11,860,912	11,125,560
	807,797	991,306	6,178,437	5,420,933
Deduct:				
Provision for depreciation (note 3)	127,086	145,115	385,724	432,782
Provision for tax under Provincial Mining Tax Acts	35,000	42,000	456,200	370,800
	162,086	187,115	841,924	803,582
Operating profit	645,711	804,191	5,336,513	4,617,351
Add other income:				
Equity in earnings of subsidiary companies (including dividends received: 1968 — $1,382,193; 1967 — $1,442,152)	2,070,928	1,851,608		
Other dividends	645,628	471,425	731,628	626,225
Interest, etc.	987,711	669,326	1,584,101	1,243,664
	4,349,978	3,796,550	7,652,242	6,487,240
Deduct outside exploration expenses	283,214	235,382	448,158	353,907
Income before provision for income taxes	4,066,764	3,561,168	7,204,084	6,133,333
Provision for income taxes:				
Current	185,000	370,000	1,806,686	1,718,940
Deferred	(10,000)	(10,000)	(8,000)	(22,000)
	175,000	360,000	1,798,686	1,696,940
	3,891,764	3,201,168	5,405,398	4,436,393
Minority interest in income of partially-owned subsidiary companies			1,513,634	1,235,225
Net income for the year	$3,891,764	$3,201,168	$ 3,891,764	$ 3,201,168
Net income per share			$ 2.00	$ 1.64

(See accompanying notes to financial statements)

Dome Mines Limited

and its subsidiary companies

STATEMENTS OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for the year 1967)

	Parent Company		Consolidated	
	1968	1967	1968	1967
Balance January 1	$19,535,232	$17,946,733	$19,535,232	$17,946,733
Add:				
Net income for the year	3,891,764	3,201,168	3,891,764	3,201,168
Adjustment of prior years' income taxes of a subsidiary (amount provided in 1967 but reversed in 1968 as no longer required)	160,000	(160,000)	160,000	(160,000)
Recovery of prior years' income taxes of another subsidiary company (net of minority interest)		104,666		104,666
	23,586,996	21,092,567	23,586,996	21,092,567
Deduct:				
Dividends declared of 80¢ per share comprising four quarterly dividends of 20¢ each	1,557,335	1,557,335	1,557,335	1,557,335
Balance December 31	$22,029,661	$19,535,232	$22,029,661	$19,535,232

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for the year 1967)

	Parent Company		Consolidated	
Source of funds:	1968	1967	1968	1967
Operations —				
Net income for the year	$ 3,891,764	$ 3,201,168	$ 3,891,764	$ 3,201,168
Depreciation	127,086	145,115	385,724	432,782
Decrease in deferred income taxes	(10,000)	(10,000)	(8,000)	(22,000)
Equity in undistributed earnings of subsidiary companies	(688,735)	(409,456)		
Minority interest in income of subsidiaries less dividends paid			536,597	258,188
Total from operations	3,320,115	2,926,827	4,806,085	3,870,138
Return of investment in share capital of a subsidiary (note 1)	3,000			
Reduction in note receivable from a subsidiary		2,619,532		
Total	3,323,115	5,546,359	4,806,085	3,870,138
Application of funds:				
Increase (decrease) in other investments —				
Dome Petroleum Limited debentures	9,000,000		12,000,000	
Other	(162,797)	(26,834)	(169,734)	(2,634,629)
	8,837,203	(26,834)	11,830,266	(2,634,629)
Dividends	1,557,335	1,557,335	1,557,335	1,557,335
Expenditures on capital assets (net)	30,990	78,630	276,759	314,198
Increase (decrease) in sundry items (net)	(150,620)	222,715	(235,104)	72,490
Total	10,274,908	1,831,846	13,429,256	(690,606)
Net increase (decrease) in working capital for year	(6,951,793)	3,714,513	(8,623,171)	4,560,744
Working capital, January 1	14,418,242	10,703,729	23,373,197	18,812,453
Working capital, December 31	$ 7,466,449	$14,418,242	$14,750,026	$23,373,197

(See accompanying notes to financial statements)

Dome Mines Limited

and its subsidiary companies

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS

DECEMBER 31, 1968

(with comparative figures at December 31, 1967)

	Par value or number of shares	Book value (note 2) 1968	Book value (note 2) 1967
Marketable Securities:			
Parent company —			
Government and government guaranteed short term securities ($1,750,000 par value in 1967)	$1,250,000	$ 1,245,950	$1,694,150
Cities Service Company, common shares (note 1)	80,000	2,023,087	2,023,087
		3,269,037	3,717,237
Subsidiary companies —			
Government and government guaranteed short term securities ($3,703,500 par value in 1967)	$3,641,500	3,614,766	3,611,742
Consolidated		$ 6,883,803	$7,328,979

(Quoted market values of above "Marketable Securities":
1968 — parent company $7,985,000, consolidated $11,491,000;
1967 — parent company $5,823,000, consolidated $ 9,406,000)

	Par value or number of shares	1968	1967
Subsidiary Companies:			
Parent company (notes 1 and 2) —			
Campbell Red Lake Mines Limited (57% owned — cost $1,331,595)	2,270,105	$ 5,699,719	$5,027,311
Sigma Mines (Quebec) Limited (63% owned — cost $731,764)	625,536	2,140,331	2,099,658
Dome Exploration (Canada) Limited (100% owned)	250	25,000	25,000
Dome Investments Limited (100% owned) (note 1)		—	27,346
		$ 7,865,050	$7,179,315
Other Investments:			
Parent company —			
Dome Petroleum Limited:			
7% secured debentures ($3,000,000 par value in 1967)			$3,000,000
5% subordinated convertible income debentures due May 15, 1988	$12,000,000	$12,000,000	
Shares	595,000	3,206,543	3,206,543
Canada Tungsten Mining Corporation Limited:			
6% promissory note ($145,200 par value in 1967)			145,200
6% income debentures due in 1971	$ 389,136	389,136	389,136
Shares	698,164	1	1
Mattagami Lake Mines Limited:			
Shares	366,192	33,292	33,292
Sundry		325,366	342,963
		15,954,338	7,117,135
Subsidiary companies —			
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988	$ 3,000,000	3,000,000	
Local school and municipal debentures ($41,000 par value in 1967)	$ 34,000	33,798	40,736
Sundry		2	1
Consolidated		$18,988,138	$7,157,872

(Quoted market values of above "Other Investments" including notes and debentures at their par value:
1968 — parent company $73,313,000, consolidated $76,388,000;
1967 — parent company $45,100,000, consolidated $45,180,000)

(See accompanying notes to financial statements)

Dome Mines Limited

and its subsidiary companies

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1968

1. The consolidated financial statements include the accounts of the wholly-owned subsidiary, Dome Exploration (Canada) Limited and the two partially-owned subsidiaries, Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (63% owned).

   In 1968 the subsidiary, Dome Investments Limited, was wound up and that company's investment in Cities Service Company (80,000 common shares) was transferred to the parent company. The investment in Cities Service Company included in 1967 in "Investments" is now included in "Marketable Securities" (current assets) and the prior year's figures submitted for comparison have been adjusted to reflect such reclassification and the 1968 transfer to the parent company.

2. The company follows the equity method of accounting for its investments in subsidiary companies. Accordingly, the carrying value of these investments in the balance sheet of the parent company, unconsolidated, reflects the company's share of undistributed earnings of the subsidiaries since acquisition and the statement of income of the parent company, unconsolidated, reflects the company's equity in the earnings of the subsidiaries for the year.

   Marketable securities and other investments are carried at cost except for (a) shares acquired as a result of development work (which are carried at nominal value), and (b) certain other investments which are carried at cost less amounts written off.

3. Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

4. The amounts shown for mining claims and properties are made up as follows:

Dome Mines Limited —		
Mining claims and properties, at nominal value		$ 1
Sigma Mines (Quebec) Limited —		
Mining claims and properties, at nominal value	1	
Leasehold properties, at cost	21,500	21,501
Campbell Red Lake Mines Limited —		
Mining claims and properties, acquired for 1,277,500 shares issued at (with no deduction for ores mined)	197,500	
Excess of cost of Dome's investment in shares of Campbell over underlying book values at date of acquisition	404,539	
Townsite land, at cost	108,613	710,652
		$ 732,154

5. The total remuneration paid in respect of 1968 by the company and its subsidiaries to directors of the company, including those holding salaried employment, amounted to $112,400.

AUDITORS' REPORT

To the Shareholders of
Dome Mines Limited:

We have examined the balance sheets of Dome Mines Limited, parent company, and of Dome Mines Limited and its subsidiary companies consolidated, as at December 31, 1968 and the related statements of income, earned surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of Dome Mines Limited and of that company and its subsidiary companies consolidated, as at December 31, 1968, the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 30, 1969.

CLARKSON, GORDON & CO.,
Chartered Accountants.

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

I submit for your consideration this report on the operations of your Company during the year 1968.

During the year 712,900 tons of ore were treated in the mill. In the course of mining operations 47,000 tons of waste rock were excavated, most of which was used as backfill or deposited in the old open pit.

The 712,900 tons of ore milled yielded 180,668 ounces of gold, the yield being 0.2534 ounces, or 5.07 dwt. per ton.

All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on $35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was $37.72 per ounce compared to $37.76 per ounce for the previous year.

COSTS:

The expenditure on development was $1,349,041 or $1.89 per ton as compared with $1,260,419 or $1.78 per ton milled in 1967.

The expenditure on mining was $4,836,545 or $6.78 per ton as compared with $4,551,130 or $6.42 per ton milled in 1967.

The total operating charges for the year were $7,708,647 or $10.81 per ton as compared with $7,259,419 or $10.24 per ton milled in 1967.

The operating cost per ounce of gold produced was $42.67 as compared with $40.48 in 1967.

DEVELOPMENT:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1968

Level	Drifts	Cross-cuts	Drift and Cross-cut Slab	Raises	Boxholes	Raise and Boxhole Slab	Totals	Diamond Drilling (Exploration & Direction of Mining)
Surface								
1st								
3rd								64
4th								
5th								
6th	806	30	62		24	10	932	2,522
7th					24	4	28	787
8th	617	147	43		115	55	977	3,637
9th								
10th	1,056		122				1,178	5,433
11th	108		44	251	134	173	710	2,031
12th	226	243	81	183		79	812	7,973
13th	148	68	65	249	248	285	1,063	2,302
14th	90		22	174	60	40	386	1,697
15th	331		15			5	351	709
16th			14	92		21	127	1,916
17th	110	50	23		22		205	1,748
18th	482	375	60	181	215	226	1,539	873
19th	313	440	119	241	418	271	1,802	3,965
20th	617	91	69	602	21	74	1,474	1,374
21st	351		67	215	43	83	759	4,255
22nd		74	16	475	98	139	802	1,154
23rd	781	235	100		25	140	1,281	11,553
24th		66	20	267	170	30	553	1,980
25th	54	520	48	675	27	83	1,407	6,959
26th	327	421	74	567		118	1,507	3,639
27th			12		64	50	126	985
28th								
29th			10		110		120	
30th								
31st	1,333	345	74	383	84	16	2,235	5,650
32nd	1,103	128	70	298	131	26	1,756	1,820
33rd								
34th	319	193	7		36		555	8,151
35th	253	280	54				587	
36th	119		15	278		113	525	
37th	814	48	50	610		23	1,545	4,581
TOTALS	10,358	3,754	1,356	5,741	2,069	2,064	25,342	87,758

Development work amounted to 25,342 feet which compares with 25,464 feet in the previous year. The figures for 1968 include 4,935 feet of lateral development and 396 feet of ore and waste passes at No. 7 shaft. Development work below the sixteenth level was 18,778 feet as compared with 16,321 feet in the previous year. The total of 87,758 feet of core diamond drilling compares with the total of 96,329 feet in 1967.

MINING:

The 712,900 tons of ore milled during the year were produced as follows:

	Tons	Average Grade Dwt. per Ton
From stopes	617,400	5.58
From development	95,500	3.01
	712,900	5.24

The following tabulation is presented to indicate the sections of the mine from which the ore came:

Source of Ore	Tons	Average Grade Dwt. per Ton	
8th level to surface, No. 3 shaft	22,920	4.06	Dev. & Stope Ore
9th level to 16th level, No. 3 shaft	251,981	6.02	Dev. & Stope Ore
Area serviced by No. 6 internal shaft	404,219	5.02	Dev. & Stope Ore
Area serviced by No. 7 internal shaft	33,780	2.93	Development Ore
Total Mine	712,900	5.24	Dev. & Stope Ore
Ore from Ankerite veins (included in the above)	244,646	4.40	Dev. & Stope Ore

ORE RESERVES:

Ore reserves at the close of the year were estimated at 1,926,000 tons with an average grade of 5.59 dwt. as compared with 2,028,000 tons with an average grade of 5.58 dwt. for 1967.

	Tons — 1968	Tons — 1967
Unbroken ore	1,742,000	1,824,000
Broken ore	184,000	204,000
	1,926,000	2,028,000

Ankerite ore comprises 41% of the reserves. This ore is more refractory to the milling process than the normal ore in the mine.

MILL:

Following are the milling results:

Tons of ore treated	712,900 tons
Average tons per day worked	1,991 tons
Average grade of ore treated	5.24 dwt. per ton
Recovery	5.07 dwt. per ton
Recovery percentage	96.65%

CAPITAL EXPENDITURE:

The details of changes in plant buildings and equipment are as follows:

Additions:	
Mine equipment	$ 10,969
Reduction equipment	11,481
Surface equipment	11,554
	$ 34,004
Less net book value of retirements	3,014
Net increase	$ 30,990

GENERAL:

Inflationary pressures continued during the year under review, with considerable impact on operations at the mine. In spite of additional efforts to utilize every means to improve efficiency, operating costs continued their upward spiral of recent years. Total and unit operating costs increased $449,228 and 57¢ per ton respectively due to higher wage rates, employee benefits and cost of supplies. Increases in direct labour costs during the year amounted to $349,627 or 49¢ per ton. Operating costs per ounce of gold produced increased $2.19 to $42.67;

the average price of gold received during the year was $37.72 per ounce. Under the Emergency Gold Mining Assistance Act payments averaged $8.88 per ounce resulting in an operating profit of $3.93 per ounce; after provision for mining taxes and depreciation, the profit per ounce of gold was $3.03 (excludes silver). These figures illustrate the role of E.G.M.A. enabling Dome to maintain a relatively stable operation.

The program of modification of mining methods from standard cut-and-fill stopes to a combination of long-hole and shrinkage using vertical and inclined holes from sub-levels continued wherever ground conditions were favourable; providing dilution can be controlled, application of these methods permits mining of lower grade ore bodies at a profit. Some of these zones may require later filling for ground support. An increasing amount of ore is being obtained from zones adjacent to old workings which have been filled by hydraulic fill in the program commenced two years ago. Utilization of a load-haul-dump unit in sub-level development and mechanical track cleaning equipment gives indications of increased efficiency. Production of ore from the different mining methods is illustrated in the following tabulation:

Source of Ore	Tons		% of Ore Milled	
	1968	1967	1968	1967
Cut-and-fill stopes	503,700	499,300	70.7	70.4
Shrinkage stopes	48,100	79,500	6.7	11.2
Long-hole stopes	65,600	42,300	9.2	6.0
Development ore	95,500	87,700	13.4	12.4
	712,900	708,800	100.0	100.0

From the tabulation on page 13 it will be noted that development work was well maintained during the year; however, with rising costs it requires progressively higher grade material to be classed as ore. Work at No. 7 shaft area amounted to 21% of the total footage. Reference was made in the report of last year to decreased productivity of the lower levels, as compared with the levels above, and this trend has continued. Towards the end of the year some development crews were transferred to sub-level drives in order to speed up stope preparation. Diamond drilling footage was lower than in recent years but an enlarged program is contemplated for 1969. Ankerite zones are being prepared for stoping on the 32nd and 34th levels and it is expected that during 1969 ore will be available from these horizons. Additional ore continues to be found in the No. 3 and No. 6 shaft areas but not in sufficient quantity to replace that being mined. In recent years less ore has been obtained from the No. 3 shaft area and more from No. 6 shaft; in 1968, 61% of the ore milled was handled through No. 6 shaft which services the mine below 2,000 feet from surface.

Due to rising costs, as mentioned above, reclassification of ore zones for ore reserve purposes has been made depending upon the mining method to be employed; after milling 712,900 tons, ore reserves declined by 102,000 tons or 5%. The grade of reserves was maintained and is the highest in the past 25 years.

The mill treated 712,900 tons or 1,991 tons per day worked which is the maximum capacity of the plant. While the percentage of refractory Ankerite ore amounted to 34% of the ore milled, careful metallurgical control resulted in an increase in recovery of 0.30% to 96.65%. Costs of ore reduction were 6¢ per ton higher for the year. Application of atomic absorption spectrophotometry, to replace fire assaying, has produced savings in labour and supplies. With the higher tonnage and improved recovery, gold production increased by 1,321 ounces resulting in an increase in bullion value of $65,719. The value of production for 1968 at $6,911,444 is the highest during the past 27 years.

Due to closures of gold mines in the immediate vicinity of our operations, the manpower shortage was considerably relieved during the first nine months; training programs were reduced accordingly but reactivated at year-end when good replacements were again scarce. The on-the-job training program for miners, operated in co-operation with the Department of Labour, has again been approved at Dome by the Ontario Government. This program, commencing in May 1966, has continued to provide a pool of partially-trained miners who are readily adaptable to the productive work that mining provides.

The mining industry contributes in a substantial manner to the well-being of the national economy by providing a large market for the products of manufacturing and service industries. In this regard each mine plays an important part, not only to the Canadian economy, but in particular, to the local community as illustrated by this Company's expenditures and location of purchases as set forth on the page immediately following.

In this 60th year of operations at Dome, management is mindful of the people who have contributed to the attainment of this milestone. I again welcome the opportunity to acknowledge the co-operation and efficient services rendered by the heads of departments and members of the staff and the continued loyal service of all employees during the year. I acknowledge also the support and assistance of the Chairman of the Board, the President and the Directors.

Respectfully submitted,

CHARLES P. GIRDWOOD,
General Manager.

South Porcupine, Ontario,
February 20, 1969.

Dome Mines Limited

Total amount of wages and salaries	$4,986,358
Total supplies and services (excluding employee benefits)	2,504,382
Income taxes	175,000
Other taxes (Provincial and Municipal)	93,878
Workmen's Compensation Board of Ontario Assessments	503,726
Unemployment Insurance	46,989
Cost of Dome Pension Plan, Canada Pension Plan, Group Life Insurance, Sick Pay, Medical Plan and other employee benefits	257,365

Principal Cities and Towns in Canada which Benefit

Acton
Agincourt
Ajax
Algoma Mills
Amos
Arnprior
Authier

Bala
Balmertown
Bathurst
Beachville
Belleville
Bowmanville
Bramalea
Brantford
Brownsburg
Burlington

Calgary
Chibougamau
Clarkson
Cobalt
Cooksville
Copper Cliff
Cornwall

Don Mills
Dorval
Downsview
Dundas
Dunnville

Elliot Lake

Farnham
Fort Erie
Fredericton

Gagnon
Galt
Gananoque
Georgetown
Guelph

Hagersville
Haileybury
Halifax
Hamilton
Hull

Ingersoll
Iroquois Falls
Islington

Joliette

Kamloops
Kingston
Kirkland Lake
Kitchener

Lachine
Lachute
LaSalle
LaSarre
Leaside
London

Macamic
Madsen
Malartic
Malton
Matagami
Mississauga
Montreal

New Hamburg
New Liskeard
Newmarket
Niagara Falls
Nobel
Noranda
North Bay

Oakville
Orillia
Ottawa
Owen Sound

Peterborough
Pickering
Pointe Claire
Porcupine
Port Elgin
Port Hope

Quebec

Red Bank
Redditt
Red Lake
Rexdale
Richmond Hill
Rouyn
Roxboro

St. Catharines
Ste. Foy
St. Jean
St. Thomas
Sarnia
Sault Ste. Marie
Scarborough
Schumacher
Selkirk
Senneterre
Sherbrooke
Sioux Lookout
South Porcupine
Stratford
Sturgeon Falls
Sudbury
Swastika

Thornbury
Timmins
Toronto

Val d'Or
Vancouver
Victoria

Walkerville
Waterloo
Welland
Weston
Willowdale
Windsor
Winnipeg

Number of Communities, Companies and Individuals through whom Supplies and Services are Purchased

	Communities	Companies and Individuals
Alberta	1	4
British Columbia	3	9
Manitoba	2	6
New Brunswick	2	7
Nova Scotia	1	3
Ontario	84	485
Quebec	27	85
United States of America	9	10
Great Britain	2	2
	131	611

Dome Exploration (Canada) Limited

(Incorporated under the laws of Canada)

REPORT OF THE PRESIDENT

Toronto, Ontario,
February 24, 1969.

To the Chairman of the Board and Directors of
Dome Mines Limited:

As approved at the Annual Meeting of Dome Mines Limited in April 1959, all new exploration ventures entered into for a period of five years after January 1, 1959, and thereafter on a yearly basis, are shared with the subsidiary companies, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. In the following report, unless specifically noted otherwise, the various exploration endeavours are joint ventures to which Dome and the subsidiary companies contribute.

MARITIME PROVINCES:

Your Company participated in the Hansa Syndicate to the extent of 18¾%. This Syndicate continued to carry out exploration on two mineral concessions in the Buchans area of the central mineral belt of Newfoundland. During 1968, ground geophysical and geochemical surveys were carried out on indicated airborne E.M. anomalies. To date, several targets of interest have been found and ground follow-up, as well as drilling, will be carried out in 1969.

During 1968, your Company carried out a rather detailed geochemical survey on a property in Cape Breton Island, Nova Scotia, which had been acquired late in 1967. Two areas of strong geochemical anomalies, principally in lead and copper, were found in a favourable geological setting. These two areas were covered by seven line miles of induced polarization surveys which resulted in the outlining of strong geophysical indications which will be tested by drilling in 1969.

Your Company participated in a geochemical program (Dome interest 33⅓%) in three specific areas in New Brunswick. Two of these areas were found to be of no further interest, but the third area revealed an interesting geochemical anomaly in an area considered favourable for the occurrence of skarn-type disseminated copper occurrences. As a result of this program, a group of 37 claims was staked and further work will be carried out on this property in 1969.

QUEBEC:

During 1968, your Company was involved in the follow-up exploration of two separate airborne geophysical programs in Northwestern Quebec.

One of these programs, a carry-over from 1967, involved the drilling of a number of conducting anomalies on which ground-checking had been carried out during 1967. The 1968 phase of this program involved the drilling of sixteen holes for a total of 4,759 feet on sixteen different anomalies. The anomalies were found to be caused by uneconomic sulphide mineralization.

The other airborne geophysical follow-up was started early in the summer of 1968 with partners. Initially, twenty-one airborne conductors were selected for ground examination. Sixteen groups, totalling 180 claims, were staked on these conductors. By year-end, seventeen conductors had been ground-checked and fourteen of these have been selected for diamond drilling in 1969.

During the summer of 1968, your Company carried out a drilling program on a property in the late Precambrian sedimentary basin north of Lake Mistassini. This property had been staked during the summer of 1967 to cover an area believed to have uranium potential. Quartz-pebble conglomerates, somewhat similar to those at Elliot Lake, Ontario, were known to exist on this property. The drilling program carried out during 1968 involved ten holes for a total footage of 5,511 feet. This drilling program resulted in the outlining of a basement channel in which a thick section of quartz-pebble conglomerate occurred. Unfortunately no significant uranium values were encountered.

During 1968, your Company staked a nine-claim property in the Bourlamaque mineral belt in Northwestern Quebec. Electromagnetic and magnetic surveys were carried out over approximately nine line miles but results of this survey have not yet been evaluated.

Your Company optioned a group of 12 claims in Louvicourt Township, Quebec and carried out a combined electromagnetic-magnetic survey over twenty-seven line miles. As a result of this survey, six anomalies were found and six holes were drilled for a total of 2,212 feet. The anomalies were found to be caused by uneconomic sulphide mineralization.

During 1968, your Company undertook an airborne radiometric survey of a favourable area in Northwestern Quebec. This survey involved 171 line miles of surveying and resulted in the discovery of four minor anomalies, none of which was found to be of economic interest.

Your Company, with partners, took an option on a fifteen-claim property in Northwestern Quebec. On, and adjacent to this property, a number of small copper showings occur in portions of a chlorite-granite stock. The optioned property includes a portion of the stock which is largely overburden-covered and in which attractive copper float has been found near the projection of an interpreted regional fault zone. The 1968 program involved preliminary prospecting followed by line cutting amounting to 26 line miles. Geophysical surveys were carried out over the lines, amounting to eighteen line miles of induced polarization surveys and eight miles of Turam surveys. As a result of the foregoing, four anomalous areas were outlined. These will be drilled during 1969.

During 1968, exploration continued on the property of Clinton Copper Mines Limited (Dome interest 39%). This consisted of geophysical and geochemical surveys and a limited amount of diamond drilling.

ONTARIO:

During 1968, your Company maintained a prospecting party in Northwestern Ontario. No significant discoveries were made.

WESTERN CANADA:

Your Company continued its participation (Dome interest 20%) in the Coranex Projects. These projects involved broad exploration programs in central British Columbia and the Yukon. During 1968, two reconnaissance geochemical programs were carried out on Vancouver Island, two in south-central British Columbia and one uranium exploration program in southern British Columbia. No significant new mineralization was found.

Your Company carried out a uranium exploration program in southern British Columbia. This involved an airborne radiometric survey of approximately 160 line miles. On completion of the airborne survey, seven very weak anomalies were ground-checked and found to be of no significance.

ALASKA:

Unlike the preceding ventures, participation in this widespread helicopter reconnaissance program in Alaska, which originated before 1959, was carried by Dome Mines Limited without the participation of its subsidiary companies. Dome Mines Limited has 33⅓% in this program which involved general prospecting in various parts of Alaska.

On the Denali copper prospect, which was found by a similar Syndicate in previous years, no actual exploration work was carried out during 1968. However, studies were carried out to determine the next stage in the exploration of this prospect.

GENERAL:

During 1968, eighty-four routine exploration proposals were brought to the attention of your Company. Of this number, eighteen were examined in the field.

Your Company participated in various prospecting ventures organized by individual prospectors in Quebec, Ontario, British Columbia and the Northwest Territories.

Yours faithfully,

JAMES B. REDPATH,
President.

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

Report to Shareholders

For the Financial Year Ended December 31

1968

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

(Incorporated under the laws of Quebec)

HEAD OFFICE AND LOCATION OF MINE
Township of Bourlamaque, County of Abitibi, Province of Quebec
(Post Office: Val d'Or, Quebec, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD
42 Wall Street, New York, N.Y. 10005.

ADDRESS OF THE PRESIDENT
360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

REGISTRAR AND TRANSFER AGENT
Canada Permanent Trust Company
320 Bay Street, Toronto 1, and 600 Dorchester Blvd. West, Montreal 2, Que.

DIRECTORS

Clifford W. Michel	New York, N.Y.
James B. Redpath	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.
Kenneth D. Watson	Pacific Palisades, Calif.
Charles P. Girdwood	South Porcupine, Ont.
John H. Hough	Toronto, Ont.

OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Bryce R. MacKenzie
Assistant Secretary	Fraser M. Fell
General Manager	George E. Peacock
General Superintendent	Gordon Michaelson

AUDITORS
Clarkson, Gordon & Co., Toronto 1, Ont.

GENERAL COUNSEL
Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

COMPARATIVE SUMMARY

	1968	1967
Tonnage Milled	496,906	472,174
Ounces Gold Produced	82,614	80,059
Average Price of Gold per ounce	$37.72	$37.75
Value of Bullion	$3,147,701	$3,046,726
Operating Costs	$3,634,401	$3,218,864
Net Income	$ 365,021	$ 378,007
Net Income per share	$0.36	$0.38
Current Assets	$2,095,934	$3,037,151
Current Liabilities	$ 481,020	$ 465,580
Working Capital	$1,614,914	$2,571,571
Number of Shareholders — December 31	649	715
Dividends Declared	$ 300,000	$ 300,000
Dividends declared per share	$0.30	$0.30
Shares Issued	1,000,000	1,000,000

REPORT OF THE DIRECTORS

of

Sigma Mines (Quebec) Limited

(No Personal Liability)

(For the Financial Year Ended December 31, 1968)

Toronto, Ontario,
February 21, 1969.

To the Shareholders of
Sigma Mines (Quebec) Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds, all certified by the Auditors of the Company, and the Report of the General Manager, covering the financial year ended December 31, 1968.

The gross production for 1968 was 82,614 ounces of gold as compared with 80,059 ounces for 1967.

The operating profit before deducting depreciation, tax under the Quebec Mining Duties Act, outside exploration expenses and provision for income taxes was $377,300. The non-operating revenue amounted to $146,655. These combined gave a total of $523,955. Depreciation amounted to $114,472. Outside exploration expenses amounted to $42,012 leaving profits of $367,471 before Federal and Provincial taxes. After providing $2,450 for such taxes, the net income amounted to $365,021 as compared with $378,007 a year ago. Dividends totalling $300,000 were declared during the year.

Ore reserves were 1,293,560 tons at the end of the year, a slight increase from the preceding year.

Production for the year was sold to the Royal Canadian Mint at an average price of $37.72 and on this production an additional $10.46 per ounce was received under the Emergency Gold Mining Assistance Act. Thus, the return for the year, including Emergency Gold Mining Assistance benefits, was $48.18 per ounce as compared with $46.34 in 1967.

The total cost of the operation increased by approximately 11% due to a larger work force required to produce increased tonnage and a general wage increase effective February 1, 1968.

In general, ore shoots disclosed during the year by development on the six lower levels served by No. 3 Shaft continued to show size and grades which compare unfavourably with those developed on the upper levels of the mine.

Present legislation extends the benefits of the Emergency Gold Mining Assistance Act until the end of 1970. With ever increasing inflation and its effects on wage levels and the cost of supplies, Sigma Mines and the Canadian gold industry as a whole, must look forward to diminishing operating revenues until such time as E.G.M.A. conditions are liberalized or the price of gold is increased.

Panarctic Oils Limited, which was organized in 1967 with an initial capital of $20 million on some 50 million acres in the Arctic Islands, plans to commence drilling operations in March 1969. As explained in last year's annual report your Company has taken a participation in this project.

During the year your Company purchased $1 million of Subordinated Income Debentures of Dome Petroleum Limited. These Debentures bear interest at 5% if earned, mature in 1988, and are convertible during their life into capital stock of Dome Petroleum at $84.746 Canadian per share.

Dome Petroleum had a record year in all phases of its activities. It increased its production of oil, natural gas liquids, and oil equivalent of gas to 24,500 net barrels per day, a gain of 15% over 1967. Unaudited financial figures for the year ended December 31, 1968 indicate a 12% increase in gross income to $24,460,000, an 18% increase in cash flow to $14,410,000 ($4.29 per share), and a 20% increase in net income to $10,060,000 ($3 per share). This investment provides interest income and a degree of diversification into another phase of natural resources industry.

The Company continued to participate to the extent of 10% with Dome Mines Limited in a number of prospecting ventures, details of which appear on page twelve of this report.

It is with great regret that we record the death of Mr. Louis Brochu who had been a member of the Board of Directors of your Company since its inception in 1934. His helpful association with Sigma Mines over so many years will be greatly missed.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"Currency crises and devaluations, with implied upward changes in the price of gold, have been recurring phenomena of the post-war period. The year 1968 saw another one, which culminated in March, in the inevitable end of the 'gold pool', the artificial device whereby the United States and six other countries had attempted for a number of years to prevent the free market price of gold from rising above the official U.S. price of $35 per ounce. As the United States supplied more than half the gold offered by the pool in its stabilization efforts, it became obvious that to continue this policy during a decade when the U.S. was running a Balance of Payments Deficit, would produce a drain on its gold reserves which, if carried on indefinitely, could result in their complete depletion. When it became apparent that such a condition would result in utter chaos to the international monetary system, the 'pool' device was abandoned and the gold market in London and elsewhere was set free, with the price to be determined by the forces of supply and demand. This has become known as the 'two tier' gold price system, and since March 1968 the free market price has fluctuated in a range of 10% to 20% above the U.S. Treasury price, with it currently at the upper end of the range at $42 per ounce. During this period certain of the Central Banks, notably Germany and Italy, who participated in the gold pool, have added to their gold reserves as occasion and opportunity arose. It would seem to be evident that gold remains a keystone in the arch of any international monetary system, exerting a fiscal discipline when confidence ebbs in the U.S. dollar and other central reserve currencies, that Drawing Rights at the International Monetary Fund and the like cannot accomplish."

Your Directors take pleasure in expressing their appreciation of the efficient services rendered during the year by the management and operating staff.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

SIGMA MINES (Q

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BALANCE SHEET

(with comparative figu

ASSETS

	1968	1967
Current Assets:		
Cash, including bank term deposits	$ 281,311	$ 194,548
Bullion on hand and in transit, at net realizable value	196,175	198,728
Short term commercial paper, at cost	199,401	1,172,343
Government and government guaranteed bonds, at cost (quoted market value 1968 — $1,005,000; 1967 — $1,108,000)	1,083,700	1,164,070
Accounts receivable (including accrued interest and estimated amount receivable under the Emergency Gold Mining Assistance Act)	335,347	307,462
	2,095,934	3,037,151
Investment in Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988	1,000,000	
Capital Assets:		
Buildings, machinery and equipment, at cost	4,383,153	4,309,417
Less accumulated depreciation	4,057,614	3,965,197
	325,539	344,220
Mining claims and properties, at nominal value	1	1
Leasehold properties, at cost	21,500	21,500
	347,040	365,721
Other Assets:		
Shares of other mining companies, at cost less amounts written off	1	
Mining and milling supplies, at cost	461,558	412,502
Prepaid expenses	10,977	13,975
Special 5% refundable tax	15,105	25,805
	487,641	452,282
	$3,930,615	$3,855,154

AUDITO

To the Shareholders of
Sigma Mines (Quebec) Limited:

We have examined the balance sheet of Sigma Mines (Quebec) Limited as at December 31, 1968 and the related statements of income, earned surplus and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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laws of Quebec)

ECEMBER 31, 1968

Jecember 31, 1967)

LIABILITIES

	1968	1967
Current Liabilities:		
Salaries and wages payable	$ 149,430	$ 138,617
Accounts payable	150,232	142,976
Accrued charges	30,443	26,510
Accrued taxes	915	7,477
Dividends payable	150,000	150,000
	481,020	465,580
Deferred Income Taxes	28,000	33,000
Capital and Surplus:		
Capital authorized and issued —		
1,000,000 shares of $1 par value	1,000,000	1,000,000
Earned surplus	2,421,595	2,356,574
	3,421,595	3,356,574
	$3,930,615	$3,855,154

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

ORT

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of Sigma Mines (Quebec) Limited as at December 31, 1968, the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 30, 1969.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for the year 1967)

	1968	1967
Revenue:		
Bullion	$3,147,701	$3,046,726
Expenditures:		
Development	642,874	605,241
Mining	2,132,943	1,809,805
Reduction	575,894	533,402
Refining and marketing	17,870	22,389
General and administrative	228,642	213,668
Taxes other than income	36,178	34,359
	3,634,401	3,218,864
Less credit under the Emergency Gold Mining Assistance Act	864,000	687,500
	2,770,401	2,531,364
	377,300	515,362
Deduct:		
Provision for depreciation (note)	114,472	135,838
Provision for tax under the Quebec Mining Duties Act	11,200	22,800
	125,672	158,638
Operating profit	251,628	356,724
Add interest earned, etc.	146,655	118,591
	398,283	475,315
Deduct outside exploration expenses	42,012	31,808
Income before provision for income taxes	356,271	443,507
Provision for income taxes (recoverable):		
Current	(3,750)	77,500
Deferred	(5,000)	(12,000)
	(8,750)	65,500
Net income for the year	$ 365,021	$ 378,007
Net income per share	$ 0.36	$ 0.38

Note: Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for the year 1967)

	1968	1967
Balance January 1	$2,356,574	$2,278,567
Add net income for the year	365,021	378,007
	2,721,595	2,656,574
Deduct:		
Dividends declared — 30¢ per share	300,000	300,000
Balance December 31	$2,421,595	$2,356,574

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for the year 1967)

	1968	1967
Source of funds:		
Operations —		
Net income for the year	$ 365,021	$ 378,007
Depreciation	114,472	135,838
Decrease in deferred income taxes	(5,000)	(12,000)
Total	474,493	501,845
Application of funds:		
Dividends	300,000	300,000
Expenditures on capital assets (net)	95,791	106,728
Increase (decrease) in other assets	35,359	(1,602)
Investment in debentures of Dome Petroleum Limited	1,000,000	
Total	1,431,150	405,126
Net increase (decrease) in working capital for year	(956,657)	96,719
Working capital, January 1	2,571,571	2,474,852
Working capital, December 31	$1,614,914	$2,571,571

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1968 is submitted for your consideration.

During the year 537,405 tons of rock were hoisted, of which 496,906 tons were ore which was treated in the mill and 40,499 tons were waste.

The 496,906 tons of ore milled yielded bullion containing 82,614 ounces of gold, the average yield being 0.1663 ounces or 3.33 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on $35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was $37.72 per ounce compared with $37.75 per ounce for the previous year.

MINING:

Broken ore totalling 309,560 tons remains in the stopes and in drifts as a result of stope preparation, an increase of 31,450 tons from the previous year.

In all 461,783 tons of a grade of 3.64 dwt. were drawn from the stopes and were sent to the mill. This represents an increase of 18,657 tons from the previous year.

Waste rock produced amounted to 47,028 tons of which 6,529 tons were dumped directly into empty stopes, and 40,499 tons were hoisted to surface. Waste backfill returned through raises from surface amounted to 14,324 tons and 98,488 tons of hydraulic backfill were piped underground.

The main stoping operations were between the 23rd level and the 10th level; 23.1 per cent of production came from cut-and-fill stopes.

DEVELOPMENT:

A total of 18,244 feet of development work was done during the year. This work was distributed between the 10th and 36th levels.

During the year development of the 6 lower levels served by No. 3 Internal Shaft continued to disclose short ore shoots and erratic values.

The work of extending the main ventilation raise down to the 36th level is well underway and should be completed by the middle of 1969.

Diamond Drilling totalling 58,437 feet was done underground in search of new ore and as a guide to mining.

The following table shows the details of development and diamond drilling completed during the year:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1968

Level	Drifts	Crosscuts	Raises	Slash	Total	Diamond Drilling
10th	543	174	....	41	758	....
12th	848	....	348	18	1,214	291
13th	....	....	....	....	....	1,470
14th	750	40	....	56	846	626
15th	....	....	161	24	185	3,320
17th	....	....	....	....	....	1,088
18th	89	382	160	36	667	....
19th	181	65	57	13	316	6,949
20th	828	327	....	118	1,273	4,731
22nd	....	....	178	12	190	3,819
23rd	....	....	341	23	364	900
24th	1,155	52	240	87	1,534	2,355
25th	....	....	....	....	....	734
26th	591	15	195	50	851	4,427
27th	651	....	....	31	682	2,972
28th	....	....	....	....	....	3,240
29th	....	....	162	....	162	....
31st	843	226	235	316	1,620	2,668
32nd	993	....	95	44	1,132	2,207
33rd	929	144	379	168	1,620	1,446
34th	764	62	246	32	1,104	7,816
35th	559	276	147	60	1,042	3,443
36th	1,948	....	342	394	2,684	3,935
Totals	11,672	1,763	3,286	1,523	18,244	58,437

ORE PRODUCTION:

The mine produced 496,906 tons of ore during the year which averaged 3.52 dwt. The stopes produced 461,783 tons averaging 3.64 dwt. and the development work produced 35,123 tons averaging 1.86 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,293,560 tons, an increase of 1,250 tons from last year. The reserves include 309,560 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore mined to the end of 1968 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore In Place	Average Grade (Dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1968
Surface to 1st Level	5,000	8.11	....	30,918
1st Level to 2nd Level	....	....	....	493,191
2nd Level to 3rd Level	....	....	....	1,021,610
3rd Level to 4th Level	....	....	....	963,214
4th Level to 5th Level	....	....	....	813,543
5th Level to 6th Level	....	....	....	790,696
6th Level to 7th Level	....	....	....	737,190
7th Level to 8th Level	2,000	4.38	....	835,740
8th Level to 9th Level	....	....	14,960	711,773
9th Level to 10th Level	16,700	4.05	....	452,292
10th Level to 11th Level	15,000	4.31	5,820	408,670
11th Level to 12th Level	19,100	3.71	61,530	552,247
12th Level to 13th Level	19,900	4.31	61,400	368,979
13th Level to 14th Level	71,500	5.08	27,370	197,255
14th Level to 15th Level	55,600	5.44	5,700	249,022
15th Level to 16th Level	5,600	3.56	18,020	544,574
16th Level to 17th Level	19,800	3.93	28,180	488,491
17th Level to 18th Level	131,800	4.59	42,750	321,219
18th Level to 19th Level	76,600	4.08	13,490	103,801
19th Level to 20th Level	18,400	3.91	12,530	168,742
20th Level to 21st Level	56,800	4.44	....	7,549
21st Level to 22nd Level	63,900	4.81	13,710	125,754
22nd Level to 23rd Level	66,900	4.59	2,470	213,897
23rd Level to 24th Level	16,600	4.06	300	236,923
24th Level to 25th Level	31,700	4.59	390	1,435
25th Level to 26th Level	26,600	4.30	300	4,282
26th Level to 27th Level	45,500	4.04	....	....
27th Level to 28th Level	37,600	4.38	160	12,635
28th Level to 29th Level	52,200	4.59	....	....
29th Level to 30th Level	23,500	4.39	480	11,989
30th Level to 31st Level	19,800	4.49	....	....
31st Level to 32nd Level	11,700	4.38	....	....
32nd Level to 33rd Level	14,100	4.22	....	....
33rd Level to 34th Level	15,000	4.03	....	2,674
34th Level to 35th Level	5,100	3.54	....	....
35th Level to 36th Level	40,000	4.01	....	....
	984,000	4.49	309,560	10,870,305

MILL:

The following are the results of milling operations for the year 1968:

Average daily tons milled	1,358
Tons of ore treated	496,906
Average grade of ore treated	3.52 dwt. per ton
Recovery	3.33 dwt. per ton
Recovery percentage	94.51%

COSTS:

The expenditure on mining was $2,132,943 or $4.29 per ton milled.

The expenditure on development was $642,874 or $1.29 per ton milled.

The operating costs including Mint handling charges were $7.31 per ton milled, as compared with $6.82 for the previous year.

CAPITAL EXPENDITURES:

Net capital expenditures for the year totalled $95,791. The main expenditures were for pumps and slusher hoists for underground; crusher screens, stand-by compressor and spare parts and stand-by equipment for the mill; sprinkler system equipment, alterations to the underground change house and addition to the plant fence and parking area.

The details of changes in the plant and equipment are as follows:

Additions:	
Mine equipment	$ 54,293
Reduction equipment	33,689
Surface equipment	17,852
	$ 105,834
Less net book value of retirements	10,043
Net increase	$ 95,791

GAMMA MINES (QUEBEC) LIMITED:

This property was optioned to Sigma in December, 1939. The option is still in force but there was no work done during the year.

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 10% interest in the following:

Maritime Provinces:

A participation with others in the Hansa Syndicate which continued to carry out exploration on two mineral concessions in central Newfoundland. During 1968, ground follow-up of airborne electromagnetic anomalies continued and several targets of interest have been found. Ground follow-up as well as drilling will be carried out in 1969.

A participation in the exploration of a property in Cape Breton Island, Nova Scotia. A geochemical survey outlined two anomalies and induced polarization surveys over these anomalies resulted in the outlining of geophysical indications which will be drilled in 1969.

A participation with others in a reconnaissance geochemical program in selected areas of New Brunswick. As a result of this program a group of 37 claims was staked to cover a geochemical anomaly in an area considered geologically favourable. Further work will be carried out on this property in 1969.

Quebec:

A participation in the ground follow-up of two separate airborne geophysical programs in Northwestern Quebec.

One of these programs was carried over from 1967 and involved the drilling of sixteen holes for a total of 4,759 feet on sixteen different anomalies. The anomalies were found to be caused by uneconomic sulphide mineralization.

The other airborne geophysical follow-up program was started in 1968 with partners. It involved the staking of 180 claims in sixteen groups. During the year, seventeen conductors were investigated on the ground and fourteen of these will be drilled in 1969.

A participation in a drilling program carried out on a property in the area north of Lake Mistassini. This property had been staked during 1967 to cover an area believed to have uranium potential. Your Company participated in the drilling of ten holes for a total footage of 5,511 feet and, although a basement channel was outlined, no significant uranium values were encountered.

A participation in the staking and exploration of a nine-claim property in the Bourlamaque area of Northwestern Quebec. Ground geophysical work was carried out on this property but results of the survey have not yet been assessed.

A participation in an option on a twelve-claim property in Louvicourt Township, Quebec. On this property a geophysical survey was carried out and six anomalies were found. Each of these anomalies was drilled in a program involving 2,212 feet of drilling. The anomalies were caused by uneconomic sulphide mineralization.

A participation in an airborne radiometric survey of a favourable area of Northwestern Quebec. The minor anomalies which were ground-checked were found to be of no significance.

A participation, with partners, in the exploration of an optioned fifteen-claim property in Northwestern Quebec. Exploration on this property was undertaken to attempt to find the source of high-grade copper float which occurs in an overburden-covered portion of a chlorite-granite stock which contains numerous areas of copper mineralization. The 1968 program involved induced polarization and turam surveys. These surveys delineated four anomalous areas which will be drilled during 1969.

A participation in the continuing exploration on the property of Clinton Copper Mines Limited. This work consisted of geophysical and geochemical surveys and a limited amount of diamond drilling.

Ontario:

A participation in a prospecting program in Northwestern Ontario. No significant discoveries were made.

Western Canada:

A participation in the Coranex Projects. These projects involved broad exploration programs in central British Columbia and the Yukon. No significant new mineralization was found.

A participation in a uranium exploration program in southern British Columbia. This involved an airborne radiometric survey and ground follow-up. The seven weak anomalies found were ground-checked and proved to be of no significance.

General:

Various participations in prospecting ventures organized by individual prospectors in Quebec, Ontario, British Columbia and the Northwest Territories.

GENERAL:

Operating costs continue to rise reflecting the increased cost of labour and supplies.

Tonnage milled was increased, however, a larger labour force underground allowed us to record a modest gain in our broken ore reserves. This increase in manpower was also reflected in increased operating costs.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries and distribution of taxes.

In conclusion, my sincere thanks and appreciation are extended to Mr. Gordon Michaelson, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

GEORGE E. PEACOCK,
General Manager.

Val d'Or, Quebec,
February 19, 1969.

Sigma Mines (Quebec) Limited

(No Personal Liability)

Total supplies and services	$1,490,087
Total amount of wages and salaries	2,330,973
Provincial and Municipal taxes	47,378

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Ajax
Agincourt
Amos
Arnprior
Barraute
Belleville
Beloeil
Burlington
Callander
Cap-de-la-Madeleine
Clarkson
Cobalt
Cooksville
Copper Cliff
Don Mills
Dorval
Downsview
Elliot Lake
Fort Erie
Galt
Guelph
Haileybury
Hamilton
Kingston
Kirkland Lake
Kitchener
La Salle
London
Malartic
Markham
Montreal
New Liskeard
Noranda
North Bay
Oakville
Orillia
Oshawa
Ottawa
Owen Sound
Pointe Claire
Port Arthur
Port Hope
Quebec
Rexdale
Rouyn
Sault Ste. Marie
Scarborough
Sorel
South Porcupine
St. Catharines
St. Laurent
Sudbury
Swastika
Thornbury
Timmins
Toronto
Val d'Or
Waterloo
Welland
Willowdale

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
Quebec	13	161
Ontario	45	157
United States of America	3	3
	61	321

CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1968

CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario
(Post Office: Balmertown, Ontario, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

HEAD OFFICE AND ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

REGISTRARS

Canada Permanent Trust Company
320 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015

TRANSFER AGENTS

The Sterling Trusts Corporation, 372 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005.

DIRECTORS

Clifford W. Michel.......New York, N.Y.
William F. James.......Toronto, Ont.
John K. McCausland.......Toronto, Ont.
James B. Redpath.......Toronto, Ont.
Bryce R. MacKenzie.......Toronto, Ont.

OFFICERS

Chairman of the Board.......Clifford W. Michel
President.......James B. Redpath
Secretary.......Bryce R. MacKenzie
Assistant Secretary.......F. M. Fell
Treasurer.......E. J. Andrecheck
General Manager.......J. Chisholm
Assistant General Manager.......M. A. Taschereau

AUDITORS

Clarkson, Gordon & Co., Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	1968	1967
Tonnage Milled	261,768	261,408
Ounces Gold Produced	183,127	173,451
Average Price of Gold per ounce	$43.51	$38.23
Value of Bullion	$7,980,204	$6,654,042
Operating Costs	$2,974,049	$2,734,568
Net Income	$3,184,407	$2,529,296
Net Income per share	$0.80	$0.63
Current Assets	$7,453,672	$7,965,971
Current Liabilities	$1,810,009	$1,634,935
Working Capital	$5,643,663	$6,331,036
Number of Shareholders — December 31	5,007	4,938
Dividends Declared	$1,999,750	$1,999,750
Dividends declared per share	$0.50	$0.50
Shares Issued	3,999,500	3,999,500

REPORT OF THE DIRECTORS

of

Campbell Red Lake Mines Limited

(For the Financial Year Ended December 31, 1968)

Toronto, Ontario,
February 21, 1969.

To the Shareholders of
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a statement of Source and Application of Funds, all certified by the Auditors of the Company and the Report of the General Manager, covering the financial year ended December 31, 1968.

The gross production for 1968 was 183,127 ounces of gold, as compared to 173,451 ounces for 1967.

The operating profit before deducting depreciation, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income was $5,006,155. The non-operating revenue was $447,350. These combined gave a total of $5,453,505. Depreciation charges, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to $2,269,098 leaving net income of $3,184,407 as compared to $2,529,296 a year ago.

Regular quarterly dividends were maintained at 11¼¢ per share, and after considering the maintenance of profits, your Directors authorized an extra dividend of 5¢ per share. Therefore, the total dividends declared amounted to $1,999,750 or 50¢ per share.

The tonnage milled during 1968 totalled 261,768 tons which represents an average milling rate of 715 tons per day. The yield per ton was 13.99 dwt. as compared with 13.27 dwt. in 1967.

Ore reserves showed an increase to 1,288,400 tons, with the ore in place showing a grade of 13.83 dwt. Development results continued to be satisfactory and are covered in detail in the General Manager's Report.

No benefits were received under the Emergency Gold Mining Assistance Act as the cost per ounce of gold produced was lower than the amount required to qualify under the Act. As your Company was not eligible for such benefits, it was possible to sell gold to markets other than the Royal Canadian Mint. The average price received on all production was $43.51 Canadian per ounce.

Taxes under the Federal Income Tax Act of $1,235,000, the Provincial Corporations Tax Act of $357,000 and the Ontario Mining Tax Act of $410,000 total $2,002,000. This illustrates the substantial return to Governments from a relatively small operation in a somewhat remote location, provided the ore is of a grade that can withstand the unfavourable pressures of an unrealistic product price and annually increasing inflation.

The Company continued to participate to the extent of 30% with Dome Mines Limited in a number of prospecting ventures, details of which appear on page twelve of this report.

Panarctic Oils Limited, which was organized in 1967 with an initial capital of $20 million on some 50 million acres in the Arctic Islands, plans to commence drilling operations in March 1969. As explained in last year's annual report, your Company has taken a participation in this project.

During the year your Company purchased $2 million of Subordinated Income Debentures of Dome Petroleum Limited. These Debentures bear interest at 5% if earned, mature in 1988, and are convertible during their life into capital stock of Dome Petroleums at $84.746 Canadian per share.

Dome Petroleum had a record year in all phases of its activities. It increased its production of oil, natural gas liquids, and oil equivalent of gas to 24,500 net barrels per day, a gain of 15% over 1967. Unaudited financial figures for the year ended December 31, 1968 indicate a 12% increase in gross income to $24,460,000, an 18% increase in cash flow to $14,410,000 ($4.29 per share), and a 20% increase in net income to $10,060,000 ($3 per share). This investment provides interest income and a degree of diversification into another phase of natural resources industry.

The year under review showed an accelerating rate of inflation in Canada which was reflected in unit operating costs which were 8.8% higher than those in the preceding year. With narrow and, at times, irregular ore bodies the proportion of costs represented by wages and salaries is necessarily high and unit costs are directly and substantially affected by increased rates of pay.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"Currency crises and devaluations, with implied upward changes in the price of gold, have been recurring phenomena of the post-war period. The year 1968 saw another one, which culminated in March, in the inevitable end of the 'gold pool', the artificial device whereby the United States and six other countries had attempted for a number of years to prevent the free market price of gold from rising above the official U.S. price of $35 per ounce. As the United States supplied more than half the gold offered by the pool in its stabilization efforts, it became obvious that to continue this policy during a decade when the U.S. was running a Balance of Payments Deficit, would produce a drain on its gold reserves which, if carried on indefinitely, could result in their complete depletion. When it became apparent that such a condition would result in utter chaos to the international monetary system, the 'pool' device was abandoned and the gold market in London and elsewhere was set free, with the price to be determined by the forces of supply and demand. This has become known as the 'two tier' gold price system, and since March 1968 the free market price has fluctuated in a range of 10% to 20% above the U.S. Treasury price, with it currently at the upper end of the range at $42 per ounce. During this period certain of the Central Banks, notably Germany and Italy, who participated in the gold pool, have added to their gold reserves as occasion and opportunity arose. It would seem to be evident that gold remains a keystone in the arch of any international monetary system, exerting a fiscal discipline when confidence ebbs in the U.S. dollar and other central reserve currencies, that Drawing Rights at the International Monetary Fund and the like cannot accomplish."

At this time your Directors wish to record their appreciation for the effective efforts of management and staff and for the continued loyal service which all employees rendered to the Company.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

CAMPBELL RED LA

(Incorporated unde

BALANCE SHEET,

(with comparative figure

ASSETS

	1968	1967
Current Assets:		
Cash, including bank term deposits	$ 866,778	$ 1,042,483
Bullion on hand and in transit, at net realizable value	1,542,558	696,866
Short term commercial paper, at cost	2,380,798	3,619,544
Government and government guaranteed short term bonds, at cost (market value 1968 — $2,501,000; 1967 — $2,475,000)	2,531,066	2,447,672
Accounts receivable (including accrued interest)	132,472	159,406
	7,453,672	7,965,971
Investment in Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988	2,000,000	
Capital Assets:		
Buildings, machinery and equipment, at cost	6,613,979	6,485,648
Less accumulated depreciation	6,047,648	5,928,381
	566,331	557,267
Mining claims and properties — acquired for 1,277,500 shares issued at (no deduction has been made for ores mined)	197,500	197,500
Townsite land, at cost	108,613	111,865
	872,444	866,632
Other Assets:		
Sundry investments —		
Local school and municipal debentures, at cost	33,798	40,736
Shares of other mining companies, at cost less amounts written off	1	1
	33,799	40,737
Mining and milling supplies, at cost	546,018	560,194
Deposits and prepaid expenses	6,083	31,045
Non-current accounts receivable	214,836	240,954
Special 5% refundable tax	72,275	126,863
	873,011	999,793
	$11,199,127	$ 9,832,396

AUDITOR

To the Shareholders of
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited as at December 31, 1968 and the related statements of income, earned surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

KE MINES LIMITED

laws of Ontario)

ECEMBER 31, 1968

December 31, 1967)

LIABILITIES

	1968	1967
Current Liabilities:		
Salaries and wages payable	$ 75,898	$ 66,118
Accounts payable	146,075	129,029
Accrued charges	72,180	50,248
Accrued taxes	865,937	739,621
Dividends payable	649,919	649,919
	1,810,009	1,634,935
Deferred Income Taxes	60,000	53,000
Capital and Surplus:		
Capital —		
Authorized:		
4,000,000 shares of $1 each		
Issued:		
3,999,500 shares	3,999,500	3,999,500
Discount (net) on shares issued	2,378,905	2,378,905
	1,620,595	1,620,595
Earned surplus	7,708,523	6,523,866
	9,329,118	8,144,461
	$11,199,127	$ 9,832,396

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

PORT

In our opinion these financial statements present fairly the financial position of Campbell Red Lake Mines Limited as at December 31, 1968, the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 30, 1969.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Campbell Red Lake Mines Limited

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for the year 1967)

	1968	1967
Revenue:		
Bullion	$7,980,204	$6,654,042
Expenditures:		
Development	565,953	525,542
Mining	1,183,626	1,085,697
Reduction	743,929	683,515
Refining and marketing	77,032	70,327
General and administrative	371,511	339,009
Taxes other than income	31,998	30,478
	2,974,049	2,734,568
	5,006,155	3,919,474
Deduct:		
Provision for depreciation (note 2)	144,166	151,829
Provision for tax under The Mining Tax Act	410,000	306,000
	554,166	457,829
Operating profit	4,451,989	3,461,645
Add interest earned, etc.	447,350	379,368
	4,899,339	3,841,013
Deduct outside exploration expenses	122,932	86,717
Income before provision for income taxes	4,776,407	3,754,296
Provision for income taxes (including deferred income taxes 1968 — $7,000; 1967 — nil):		
Federal	1,235,000	940,000
Provincial	357,000	285,000
	1,592,000	1,225,000
Net income for the year	$3,184,407	$2,529,296
Net income per share	$ 0.80	$ 0.63

Notes:

(1) The company received no credits during the year under the Emergency Gold Mining Assistance Act.

(2) Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

(3) The total remuneration paid in respect of 1968 by the company to its directors and senior officers (defined by The Ontario Corporations Act to include the five highest paid employees) amounted to $91,678.

Campbell Red Lake Mines Limited

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for the year 1967)

	1968	1967
Balance, January 1	$6,523,866	$5,809,918
Add:		
Net income for the year	3,184,407	2,529,296
Recovery of prior years' income taxes		184,402
	9,708,273	8,523,616
Deduct dividends declared of 50¢ per share comprising four quarterly dividends of 11¼¢ each and an extra dividend of 5¢	1,999,750	1,999,750
Balance, December 31	$7,708,523	$6,523,866

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1968
(with comparative figures for the year 1967)

	1968	1967
Source of Funds:		
Operations —		
Net income for the year	$3,184,407	$2,529,296
Depreciation	144,166	151,829
Increase in deferred income taxes	7,000	
Total from operations	3,335,573	2,681,125
Decrease (increase) in other assets	126,782	(13,217)
Recovery of prior years' income taxes		184,402
Total	3,462,355	2,852,310
Application of Funds:		
Dividends	1,999,750	1,999,750
Expenditures on capital assets (net)	149,978	128,840
Investment in debentures of Dome Petroleum Limited	2,000,000	
Total	4,149,728	2,128,590
Net increase (decrease) in working capital for year	(687,373)	723,720
Working capital, January 1	6,331,036	5,607,316
Working capital, December 31	$5,643,663	$6,331,036

Campbell Red Lake Mines Limited

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1968 is submitted for your consideration.

During the year 283,878 tons were hoisted, of which 261,768 tons were ore and 22,110 tons were waste.

The 261,768 tons of ore milled yielded bullion containing 183,127 ounces of gold, the average yield being 0.6995 ounces or 13.99 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on $35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at the current exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all production during the year averaged $43.51 Canadian per ounce.

MINING:

In all 240,542 tons of a grade of 15.15 dwt. were drawn from the stopes and sent to the mill.

Broken ore totalling 109,500 tons remains in the stopes, a decrease of 30,000 tons from the previous year, a decrease normal to the conversion to the cut-and-fill method of mining.

The main stoping operations were above the 14th or 2,050-foot level. Ore removed by cut-and-fill mining increased from 10 to 22% of the total ore mined.

DEVELOPMENT:

Development was distributed from the 7th to 21st level. Of this work 50% was drifting and raising in known ore zones. The other 50% was in waste in drifting to the F-2 Zone and the "G" Zone on several levels, ventilation raises, and the exploration drive on the 21st level towards the northwest part of the property.

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1968

Level	Drifts	Crosscuts	Raises	Slabbing	Totals	Diamond Drilling
Surface	....	....	....	....	....	....
1st	....	....	....	....	....	....
2nd	....	....	....	....	....	162
3rd	....	....	....	....	....	....
4th	....	....	....	....	....	1,878
5th	224	....	67	32	323	....
6th	....	....	....	....	....	137
7th	....	....	414	64	478	1,402
8th	249	....	....	15	264	3,040
9th	....	....	121	7	128	957
10th	281	....	285	88	654	4,344
11th	350	....	....	27	377	3,015
12th	8	....	192	26	226	1,591
13th	6	....	....	3	9	347
14th	146	....	75	31	252	2,055
15th	93	64	473	139	769	872
16th	1,255	92	....	134	1,481	6,126
17th	217	....	103	140	460	....
18th	282	....	105	147	534	3,492
19th	675	49	125	231	1,080	598
20th	167	56	137	164	524	1,093
21st	1,083	33	104	217	1,437	3,339
Totals	5,036	294	2,201	1,465	8,996	34,448

Diamond Drilling totalling 34,448 feet was done as a guide to development and mining.

The table on page ten shows details of development and diamond drilling completed during the year.

ORE PRODUCTION:

The mine produced 261,768 tons of ore during the year which averaged 14.98 dwt. The stopes produced 240,542 tons averaging 15.15 dwt. and development work produced 21,226 tons averaging 12.98 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,288,400 tons, an increase of 9,100 tons over last year. The ore reserves include 109,500 tons of broken ore. Potential ore exposed by lateral work but not sufficiently determined by our normal raising practice is not included in the ore reserves.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1968 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1968
Surface to 1st Level	7,500	11.94	....	248,566
1st Level to 2nd Level	13,900	12.44	....	321,242
2nd Level to 3rd Level	22,400	12.25	....	353,998
3rd Level to 4th Level	25,100	10.28	....	459,357
4th Level to 5th Level	36,100	11.74	3,600	429,650
5th Level to 6th Level	68,500	15.17	....	432,434
6th Level to 7th Level	86,800	13.33	36,600	443,147
7th Level to 8th Level	53,600	11.88	24,400	375,161
8th Level to 9th Level	80,300	13.43	9,500	259,480
9th Level to 10th Level	119,800	15.34	21,000	177,460
10th Level to 11th Level	95,200	14.79	7,100	54,257
11th Level to 12th Level	58,200	11.71	....	72,850
12th Level to 13th Level	136,800	14.90	7,200	50,571
13th Level to 14th Level	137,600	15.51	....	58,930
14th Level to 15th Level	123,300	13.61	100	1,078
15th Level to 16th Level	48,500	14.83	....	....
16th Level to 17th Level	33,900	10.54	....	....
17th Level to 18th Level	31,400	10.24	....	....
	1,178,900	13.83	109,500	3,738,181

Ore in Place	1,178,900
Broken Ore	109,500
	1,288,400

Increase over 1967 is 9,100 tons.

MILL:

The following are the results of milling operations:

Tons of ore treated	261,768 tons
Average tons per calendar day	715 tons
Average grade of ore treated	14.98 dwt. per ton
Recovery	13.99 dwt. per ton
Recovery percentage	93.43%

COSTS:

The expenditure on mining was $1,183,626 or $4.52 per ton milled.
The expenditure on development was $565,953 or $2.16 per ton milled.
Operating costs (including Mint handling charges) were $11.36 per ton milled.

CAPITAL EXPENDITURES:

Net capital expenditures for the year were $149,978. This amount covered the installation of a new mill heating and ventilation system, the partial modernization of the electric power distribution system and additions to living facilities for employees. Additions were also made to underground loading equipment, rolling stock and locomotive battery charging equipment.

The details of changes in plant buildings and equipment are as follows:

Additions:	
Mine equipment	$ 46,599
Reduction building and equipment	23,092
Surface buildings and equipment	86,447
	$ 156,138
Less net book value of retirements	6,160
Net Increase	$ 149,978

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 30% interest in the following:

Maritime Provinces:

A participation with others in the Hansa Syndicate which continued to carry out exploration on two mineral concessions in central Newfoundland. During 1968, ground follow-up of airborne electromagnetic anomalies continued and several targets of interest have been found. Ground follow-up as well as drilling will be carried out in 1969.

A participation in the exploration of a property in Cape Breton Island, Nova Scotia. A geochemical survey outlined two anomalies and induced polarization surveys over these anomalies resulted in the outlining of geophysical indications which will be drilled in 1969.

A participation with others in a reconnaissance geochemical program in selected areas of New Brunswick. As a result of this program a group of 37 claims was staked to cover a geochemical anomaly in an area considered geologically favourable. Further work will be carried out on this property in 1969.

Quebec:

A participation in the ground follow-up of two separate airborne geophysical programs in Northwestern Quebec.

One of these programs was carried over from 1967 and involved the drilling of sixteen holes for a total of 4,759 feet on sixteen different anomalies. The anomalies were found to be caused by uneconomic sulphide mineralization.

The other airborne geophysical follow-up program was started in 1968 with partners. It involved the staking of 180 claims in sixteen groups. During the year, seventeen conductors were investigated on the ground and fourteen of these will be drilled in 1969.

A participation in a drilling program carried out on a property in the area north of Lake Mistassini. This property had been staked during 1967 to cover an area believed to have uranium potential. Your Company participated in the drilling of ten holes for a total footage of 5,511 feet and, although a basement channel was outlined, no significant uranium values were encountered.

A participation in the staking and exploration of a nine-claim property in the Bourlamaque area of Northwestern Quebec. Ground geophysical work was carried out on this property but results of the survey have not yet been assessed.

A participation in an option on a twelve-claim property in Louvicourt Township, Quebec. On this property a geophysical survey was carried out and six anomalies were found. Each of these anomalies was drilled in a program involving 2,212 feet of drilling. The anomalies were caused by uneconomic sulphide mineralization.

A participation in an airborne radiometric survey of a favourable area of Northwestern Quebec. The minor anomalies which were ground-checked were found to be of no significance.

A participation, with partners, in the exploration of an optioned fifteen-claim property in Northwestern Quebec. Exploration on this property was undertaken to attempt to find the source of high-grade copper float which occurs in an overburden-covered portion of a chlorite-granite stock which contains numerous areas of copper mineralization. The 1968 program involved induced polarization and turam surveys. These surveys delineated four anomalous areas which will be drilled during 1969.

A participation in the continuing exploration on the property of Clinton Copper Mines Limited. This work consisted of geophysical and geochemical surveys and a limited amount of diamond drilling.

Ontario:

A participation in a prospecting program in Northwestern Ontario. No significant discoveries were made.

Western Canada:

A participation in the Coranex Projects. These projects involved broad exploration programs in central British Columbia and the Yukon. No significant new mineralization was found.

A participation in a uranium exploration program in southern British Columbia. This involved an airborne radiometric survey and ground follow-up. The seven weak anomalies found were ground-checked and proved to be of no significance.

General:

Various participations in prospecting ventures organized by individual prospectors in Quebec, Ontario, British Columbia and the Northwest Territories.

GENERAL:

The daily milling rate was maintained at 715 tons per day.

Costs were adversely affected by the greater percentage of cut-and-fill mining; increases in wages and in the cost of supplies and services; and governmental levies, based on a percentage of total wages paid, which increase in direct proportion to the increase in wages.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid and distribution of taxes.

It is a pleasure to record my appreciation to Mr. M. A. Taschereau, Assistant General Manager, and to the heads of the various departments and operating staff for the loyal and efficient services rendered by them to the Company.

Yours faithfully,

J. CHISHOLM,
General Manager.

Balmertown, Ontario,
February 20, 1969.

Campbell Red Lake Mines Limited

Total supplies and services	$1,950,383
Total amount of wages and salaries	1,643,626
Income taxes	1,592,000
Other taxes (Provincial and Municipal)	441,998

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Atikokan	Fort William	North Bay	Sault Ste. Marie
Bala	Galt	North Vancouver	Scarborough
Balmertown	Gananoque	Orillia	St. Boniface
Brantford	Haileybury	Ottawa	St. Catharines
Belleville	Hamilton	Owen Sound	St. James
Burlington	Kenora	Peterborough	Sudbury
Burnaby	Kirkland Lake	Pointe Claire	Thornbury
Clarkson	Kitchener	Port Arthur	Timmins
Cobalt	La Salle	Port Credit	Toronto
Don Mills	London	Red Lake	Vancouver
Dorval	Markham	Red Lake Road	Vermilion Bay
Downsview	Montreal	Regina	Weston
Dryden	New Liskeard	Rexdale	Windsor
Fort Erie	Newmarket	Sarnia	Winnipeg

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
British Columbia	3	4
Manitoba	3	80
Ontario	45	167
Quebec	4	22
Saskatchewan	1	1
United States of America	6	7
	62	281

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